



DRAFT **Minutes**

Thursday, Oct. 16, 2008

Virginia Information Technologies Agency (VITA)
Commonwealth Enterprise Solutions Center
Multipurpose Room
11751 Meadowville Lane, Chester, VA 23836

Attendance

Members present:

The Honorable Aneesh Chopra
Dr. Patricia Cormier
Hiram R. Johnson, Vice Chair
Walter J. Kucharski
Len Pomata

James F. McGuirk II, Chair
Dr. Mary Guy Miller
Bertram S. "Bert" Reese
Scott D. Pattison

Members absent:

Kenneth S. Johnson Sr.

Others present:

Lemuel C. Stewart Jr., Chief Information Officer of the Commonwealth
John Westrick, Office of the Attorney General
Marcella Williamson, Executive Director, ITIB

Chair's Report

Call to order

Chairman McGuirk called the meeting to order at 1:07 p.m. Chairman McGuirk asked Ms. Williamson to call the roll. The presence of a quorum was confirmed.

Approval of the minutes

Chairman McGuirk introduced the draft meeting minutes from July 17, 2008. Dr. Miller made the motion to approve the minutes. Mr. Len Pomata seconded the motion. The minutes were approved by voice vote.

Chairman's report

Chairman McGuirk extended sympathy on behalf of the ITIB to Chief Applications Officer Peggy Feldman, whose father passed away.

Customer insight survey

VITA Executive Director of Customer Account Management Debbie Secor reported that the Customer Satisfaction Enhancement Report has been prepared and was in their notebooks. She said results had been synthesized into action plans. Ms. Secor introduced Mr. Antonio Oftelie from the John F. Kennedy School of Government at Harvard University to present results and recommended actions.

Mr. Oftelie said there were four phases in the program:

- Customer insight survey, which determined “where are we?”
- Customer root cause sessions or focus groups with customer councils, which provided information on “how did we get here?”
- Customer action plan workshop, which helped with “where should we go?”
- Customer Satisfaction Enhancement Report, which provides near-term, mid-term and long-term action plans

He presented five customer insights and recommendations:

Customer Insight One

Satisfaction is dependent on the partnership’s ability to maintain current operations while building and delivering new capabilities

- Customers believe that current operations are suffering while the partnership builds new capabilities
- Customers believe that VITA/Northrop Grumman do not listen to or understand agency business needs

Recommendations

- The implementation of new services must be in line with customer needs
- VITA and Northrop Grumman must work to improve core service delivery as a fundamental building block for enhanced customer support and satisfaction

Customer Insight Two

Improvement of customer satisfaction is dependent on speed and transparency of execution

- Customer dissatisfaction is elevated when service implementation is slow AND there is a perceived lack of communication around process, timelines and customer input

Recommendation

- Through both face-to-face interaction and technology, VITA and Northrop Grumman should combine faster service delivery with clearer communication to customers on timelines and processes with faster service delivery, and measure and communicate successes regarding transition progress and customer service work

Customer Insight Three

There is a significant variance in satisfaction between process-oriented and technical-oriented services

- Customer satisfaction with technical capabilities is generally stable once the service is implemented
- Customers are generally not satisfied with the “soft-skill” areas, such as understanding agency business, procurement and project management

Recommendations

- VITA and Northrop Grumman should prioritize communication and relationship building with customers when there is a high level of process-oriented activities in motion – such as when a customer is converting to new infrastructure or implementing a new application
- Successful communication around process-oriented work will build and sustain trust in the customer/VITA relationship

Customer Insight Four

There is potential for service growth and extension

- Forty-five percent of survey respondents requested more information on core services
- The value of strategic services would be ranked higher if there was more trust that VITA/Northrop Grumman could improve the delivery of core services

Recommendation

- Moving forward, efforts should emphasize greater customer service, service execution and customer dialogue in order to actualize future growth

Customer Insight Five

There is greater satisfaction and perceived benefit among small agencies

- Greater satisfaction with “soft-skill” oriented services
- Significantly more satisfied with VITA’s understanding of their agency’s mission and the alignment of IT with the agency’s business needs.

Recommendation

- There are replicable drivers of the satisfaction that small organizations and localities observe -- VITA and Northrop Grumman should make an effort to apply these lessons to the larger customer set

Customer Insight Six

Customers are actively assessing gains relative to losses

- Ranking analysis indicates that customers are in a “wait-and-see” mode and need to see tangible improvements in service design and execution

Recommendation

- In the future, VITA should accelerate and increase communication and change management efforts with customers to emphasize the long-term gains in customer and public value while also acknowledging current customer sentiment and issues

Mr. Oftelie discussed how the customer council focus sessions were conducted.

Mr. Kucharski arrived at 1:20 p.m.

Mr. Oftelie discussed four areas of possible actions that came from the focus sessions to assist customers, including:

- Increased transparency and communication across VITA and the IT Infrastructure Partnership
- Enhanced customer-facing support
- Improved process-oriented service provision
- Reformed procurement and pricing

Workshop participants -- VITA Executive Team, Northrop Grumman Executive Team working on the VITA partnership and the Chief Applications Officer -- generated ideas to respond to customer action areas, assess impacts of the ideas on objectives, and assembled action items into action programs and timelines:

Increase Transparency and Communication Across Partnership

Near term (within the next 10 months) -- Provide Customer Account Team with priority decision rights within the partnership and access to all necessary information for customers; develop and publish metrics on timelines for service provision; provide documentation on how key customer-facing processes work and general timelines for customers; and bring all customer councils together for a meeting to share ideas and best practices

Mid term (within the next 10-18 months) -- Develop and implement a communication program that outlines the value proposition of VITA post-transformation

Long term (within the next 18-24 months) -- Develop a customer relationship management (CRM) system that integrates help desk, request for service, procurement and project

management into one interface; and via the CRM system, establish a unique ID that enables customers to access the status of services in real time

Enhance Customer-Facing Support

Near term -- Reorganize Customer Account Teams from Secretariat segmentation to agency size segmentation and realign support roles; and Integrate information via manual processes between Northrop Grumman and Customer Account Team

Mid term -- Provide a deeper level of customer service training for customer support teams and within partnership; and map skill sets and recruit right staff for customer account assignments

Long term -- Increase size and/or number of Customer Account Teams to meet a new ratio of support to agency; integrate customer support processes with comprehensive CRM system; and develop CRM system and plan to link VITA and Northrop Grumman needs with longer-term Commonwealth needs

Improve Process-Oriented Service Performance

Near term -- Develop and implement metrics and report on performance measures for process-intensive services; identify easiest to improve problems/processes for earliest action (those generating most customer frustration) and develop plan to reform them; and publish/communicate help desk services, standards, timelines and escalation process and post to Web and elsewhere for customers

Mid term -- Publish process and performance via the Web and publications such as Leadership Communiqué and Network News

Long term -- Offer streamlined project requirements, approval and oversight for projects that are smaller, less complex, and/or less innovative

Reform Procurement and Pricing

Near term -- Analyze and communicate process standards and expectations -- especially time and cost for procurements; allow individual customers to identify where their requests are in the process via manual or electronic methods; clarify procurement rules and standards for in-scope and out-of-scope technologies; and pre-order standard products and have them in stock for quick delivery and implementation

Mid term -- Create ability for customers to order from online catalog of pre-approved products; enable agency flexibility in procurement for low-cost and non-critical/non-enterprise technology products; expand and document service catalog to include all items, time to installation and price; and provide customers direct access to status of request for services, procurement and project management

Long term -- Tie procurement process into CRM system in order to track procurements, requests for service and major/non-major project approvals in real time (similar to FedEx online capabilities); and seek general fund resources to cover major/non-major project approvals/oversight costs as "overhead" (as before) rather than as user fees

Ms. Secor outlined the next steps to activate the plan. Steps include:

- Deliver Customer Satisfaction Enhancement Plan and action items to the ITIB -- Oct. 16, 2008
- Establish an oversight committee composed of a subset of executive staff who attended the customer action plan workshop -- October 2008
- Task oversight committee with assigning owners accountable to each action item in the plan -- November 2008
- Action item owners create work plan, underlying deliverables and measures for each action item according to near-term, mid-term and long-term goals -- November 2008
- Deliver Customer Satisfaction Enhancement Plan and action items to customer councils -- November 2008
- Implement a dashboard to monitor activities and results of the action items -- Dec. 1, 2008

- Deliver Customer Satisfaction Enhancement Plan and action items to the Agency IT Resources (AITR) communication meeting -- Dec. 9, 2008
- Report progress to the Executive Evaluation and Governance Committee – January 2009

Secretary Chopra arrived at 1:35 p.m.

Mr. Pomata asked about the teams that will be formed. He said the plan appeared “generic.” Ms. Secor said an oversight committee will include VITA and Northrop Grumman staff to oversee the action plan, and that accountability will be assigned to VITA and Northrop Grumman staff with one owner responsible for each project. The owner will form a team to work on a particular enhancement area and will involve customers. She noted that dashboard reporting is planned. Ms. Secor said while the presentation seems generic, one of the focus areas has been root causes. She said some of the action items presented today are to get at those root causes.

Mr. Pomata questioned inconsistency in some areas, such as procurement, between this survey and metrics provided by the partnership. Ms. Secor said procurement, in particular, depends on the last interaction of the customer with the process. Mr. Pomata said 10 months can be an eternity. He said there should be some high-priority items that should be done at light speed and may bring high payoffs. Ms. Secor agreed, noting that two areas that already are being changed are adding to the list of standard items that can be purchased and making changes to customer-facing roles.

Dr. Cormier expressed concern about standardization of processes, and said some require too many steps and should be smoother than they are currently. Ms. Secor said customers are concerned about the number of steps to get to the right person. She said there is focus internally on giving priority to customer account teams recognizing that they have a customer with an issue when they make requests. She said VITA and Northrop Grumman are addressing those issues.

Mr. Pomata asked if “we are being overcome by events” or “trying to solve problems that already have been addressed.” He noted that Northrop Grumman, in the IT Infrastructure Partnership, has established Agency Deployment Manager (ADM) positions and there should not be a team, for example, that ends up recommending the establishment of an ADM position. Ms. Secor noted that the ADM and Agency Operations Manager (AOM) positions recently were developed by Northrop Grumman. She said the ADM is not new, but has been renamed and is being given more emphasis. She said work will not overlap that already done.

Secretary Chopra asked Ms. Secor to link the org chart with the decision ladder, so the number of levels of signoff can be determined.

Mr. Oftelie said there is more detail and depth in the report, and there are overarching principles to provide transparency, agility and speed that should be used in the short-term and the long-term. He said any decision or new initiative should take into consideration transparency, agility and the role of customer teams in their day-to-day work.

Mr. Kucharski said at an earlier committee meeting, discussion revolved the need for inventory to be complete for transformation. He said if customers are permitted to purchase equipment, will that be coordinated with inventory efforts. Ms. Secor said it must be coordinated. She said that the connection is with the service delivery staff, which must add, subtract or change the inventory.

Chairman McGuirk said setting equipment and interface standards was required so the infrastructure works. And, he said, allowing the purchase of equipment must be in areas that VITA and Northrop Grumman are comfortable with delegating.

Chairman McGuirk said he appreciates the depth of the survey and plan, and the fact that it includes action items. He thanked Mr. Oftelie, Ms. Secor and the team for their work on behalf of the Board.

CIO report

At Chairman McGuirk's request, CIO of the Commonwealth Lem Stewart reported:

- COVITS 2008 was successful and attended by 400 IT leaders from state agencies and higher education.
- Employees have held a food drive and golf tournament to raise funds for charity, and have kicked off the Commonwealth of Virginia Campaign (CVC).
- VITA officially closed the 411 E. Franklin office space; and space for CAMs and hoteling is in a state facility downtown.
- Virginia's IT is consistently recognized nationally; 24 times since 2004.
- Financial results for fiscal year 2008, which ended June 30, showed a loss of infrastructure services income caused by lack of inventory reconciliation; however, cash was healthy and there was no active credit balance.
- FY 2009 financial results through Aug. 31 show a slight variance caused by the inventory reconciliation issue.
- VITA will meet the Governor's direction to cut 15 percent from the agency's general fund allocation; that will be done through cuts in discretionary spending, consulting and not filling positions.
- The amount of money spent on business with Small, Woman and Minority (SWaM) owned firms was \$80.3 million last fiscal year, significantly above the \$50 million goal because of the surge caused by transformation; that will decrease this fiscal year.
- There are no red major projects, but are eight yellow and 12 green; the yellow are reviewed by Secretary Chopra's Commonwealth IT Solutions Committee.
- There was a slight decline in new major projects and more decline is expected because of the need to cut the state budget as a result of the economic downturn; \$331 million of major and non-major projects in the planning stage but some of those also could be cut or reduced.
- There are 68 audit actions, with 63 complete and the others on track with action plans.
- Commonwealth Information Security recently was ranked #1 in the nation by the National Association of State Chief Information Officers (NASCIO); just a couple of years ago, the Auditor of Public Accounts said nearly 80 percent of agencies had inadequate information security; there is more work needed.

Mr. Hiram Johnson commended Commonwealth Security Office Peggy Ward for her leadership in this area. CIO Stewart said Ms. Ward has done a fine job turning the program around.

- Revenue is flat; rates have not changed in several years
- Customer council questionnaire results this year show improvement compared to last year; councils are maturing and will continue to help VITA improve.

Department of Motor Vehicles DLCI Project

Chairman McGuirk asked Secretary Chopra to lead the discussion. Secretary Chopra noted that ITIB members asked for an update on the DMV Driver's License Central Issue (DLCI) Project. The Commonwealth IT Solutions Committee had suggested the project move forward with collaboration between DMV and Commonwealth Project Management Division (PMD), and

the CIO agreed. During the ITIB review, however, questions were generated and a call was made for a vote on the project.

Mike Sandridge, PMD, said the purpose of the project is to improve the security, integrity and quality of the driver's license and state identification (ID) cards. He said DLCI project provides for cards that are designed so tampering can be readily detected, the production process is secure, production of licenses and IDs at DMV offices and headquarters is eliminated, and the DMV will be positioned to meet future federal requirements such as real ID. Mr. Sandridge said the contract was signed in February 2008 and is expected to be implemented at all 74 sites by June 2009. The cost is \$4.5 to \$5.4 million for implementation and \$6.5 million annually for operation and maintenance.

DMV Commissioner D.B. Smit said the production center will be in Danville and operational in December with the backup production site in Canada. Facial recognition was removed from the scope of the project to reduce the cost.

Chairman McGuirk asked if DMV looked at projects in other states and what lessons were learned. He also asked for background on the vendor. Commissioner Smit said 14 other states have a centralization process. He said there were in-depth reviews of other states' projects and requests for proposals. Virginia learned it was better and less expensive to put security in one location with a couple of dozen staff members, as opposed to its 74 locations with more than 800 employees being able to produce licenses and ID cards.

Commissioner Smit said the vendor – Canadian Bank Note Corp. (CBN) in Ottawa, which is the Canadian mint -- will produce licenses in Danville. Mr. Reese asked if other states use CBN. Commissioner Smit said no, but CBN produces licenses for Canada and for other countries. He shared a sample of the license, which has three levels of security. Dr. Cormier asked why CBN was selected. Commissioner Smit said a recommendation was made to proceed with central issuance when Governor Mark R. Warner was in office, and that VITA agreed that it was a procurement process at that time. He said the state received three proposals, and that was reduced to two. The final vendor provided the best technical solution. The second vendor did not have a card in production or a facility to show Virginia officials.

Dr. Miller asked about the turn-around time to replace drivers' licenses. Commissioner Smit said licenses will be replaced as they expire beginning next year. He said eligibility for licenses will be verified before they will be issued.

Mr. Pattison asked if it will be difficult to verify ID if other states are not complying with real ID. Commissioner Smit said yes, but noted that the state started on this path before real ID was passed because the General Assembly directed that Virginia have central issuance and real ID.

Chairman McGuirk asked if the database will be in Danville. Commissioner Smit said no. He said that the database will be here at the Commonwealth Enterprise Solutions Center (CESC). He said Danville will have only the information to print a driver's license and only keep it long enough to print the license and have quality assurance checks. He said the backup site is in Ottawa. CIO Stewart explained that disaster recovery for the data will be at the Southwest Enterprise Solutions Center (SWESC). He said only the processing is in Danville and then Ottawa, but the data is kept at CESC with backup at SWESC.

Mr. Pattison asked Commissioner Smit to assure the board that this system is adequate but not luxurious. Commissioner Smit said DMV believes it received a good price, and that the cards are the best technology that the state can afford.

Mr. Hiram Johnson asked about the return on investment. Commissioner Smit said identity theft is \$5 billion a year for individuals and \$48 billion for businesses. He said comparing the current process with the new process, it will be more costly but not by a lot. He said the rest of the cost is in the cost of providing better security.

Dr. Miller asked if the Danville production center will be a Commonwealth facility. Commissioner Smit said no, that CBN will own the facility in Danville. She asked the length of the contract and whether the contract cost would go up. He said seven years and the cost for those seven years has been negotiated.

Secretary Chopra made the motion:

"That the ITIB grant development approval for the DMV Driver's License Central Issuance (DLCI) Project."

Dr. Cormier seconded the motion, which passed on a voice vote.

VEAP/CAO report

At the request of Chairman McGuirk, Mr. Will Goldschmidt presented on behalf of Ms. Feldmann. Under data standards, Mr. Goldschmidt reported the management plan has been completed on four tracks -- standardization, policy and procedures, organization and governance, and tools. He said data models are being defined, a modeling tool is operating and draft data standardization process has been presented to the CAO. He discussed next steps. He said this work is data centric, not application centric and is very complex.

Mr. Goldschmidt reported on progress in developing an applications portfolio, including distributing a survey to agencies to obtain information. He said the first run has identified 1,200 applications, and VEAP expects that to reach 1,900. He noted that VEAP is continuing to work with customer groups and will create a strategic planning document. He said the vision is to move non-core applications, such as human resources and financial, out of the agencies to realize efficiencies when not replicating applications across agencies.

He said a good governance model – PMD – is in place for projects but a governance model is needed for enterprise applications and shared applications and services. Agencies govern agency applications.

Chairman McGuirk asked where the governance is established for authoritative and collaborative areas in the "to be" plan for applications shown in Mr. Goldschmidt's presentation. Mr. Goldschmidt said the participants and their authority have not yet been determined. Chairman McGuirk said the board is approving projects on a project-by-project basis. He said the concern is that the ITIB is not seeing where projects interface and fit into an enterprise-wide governance model for the Commonwealth. He asked that the question go back to the CAO and a response be provided to the ITIB. Secretary Chopra suggested that Secretary Viola Baskerville, Secretary Richard Brown and he discuss this issue at the next meeting of the ITIB.

There was general discussion about enterprise finance and human resource systems, and how those are being developed.

Mr. Goldschmidt reported that contract has been awarded to provide business intelligence, and that work has been completed on voter registration and poll books in preparation for the upcoming election.

Mr. Goldschmidt said the 2008 fiscal year closed out approximately \$245,000 under budget. He reported that VEAP also is required to make the cuts that other state agencies must make. Mr. Hiram Johnson asked for a list of all contractors on the project, their roles and the cost of each of those contracts.

Mr. Pattison asked if a plan has been developed for the budget cuts and a contingency plan developed for additional cuts. Mr. Goldschmidt said cuts have come from staffing and Ms. Feldmann is developing plans in the event additional cuts are required.

Mr. Kucharski asked that in future budget reports, VEAP provide a breakdown of General Fund and working capital funds that are in the budget. Mr. Goldschmidt said the benefits stream is going up, but has not met expectations. He said new account placements were expected to total \$19.2 million each month, but that number has been significantly lower. Dean Merrill, CGI, explained that even though the amount referred is low, the collection rate is high. Mr. Hiram Johnson pointed out that the amount is \$2.5 million behind over five months. Mr. Merrill explained that the amount of dollars collected is exceeding assumptions. Mr. Kucharski said he does not want VEAP spending \$10-\$11 million when only \$5 million is coming in through the revenue stream. Mr. Kucharski said VEAP may want to put a hold on spending until getting a revised budget approved by the board.

Mr. Pomata explained that income has totaled \$20 million instead of \$40 million. Secretary Chopra said the Secretary of Finance is aware of the situation and has identified alternative sources of financing through other tax collection opportunities. He said the program is not spending money without plans for revenue. Mr. Kucharski said that is one plan and that there are 140 people with budget crises who may want to spend that money in a different way. Mr. Goldschmidt said the content management and business intelligence solutions contracts will bring in funding.

Chairman McGuirk asked the CAO/VEAP to provide a new budget by source rather than general category at the next meeting. He said it is difficult for the board to understand how money is being spent, and that it is important that the budget clearly shows how much money is being expected from tax collections.

Mr. Hiram Johnson said there is a serious lack of quantifiable outcomes compared to the budget of the program.

Committee reports

Chairman McGuirk asked for committee reports.

Commonwealth IT Solutions

Secretary Chopra reported the committee will meet in November and review projects that are yellow and report back at the next meeting.

Finance and Audit Committee

Committee Chair Pattison noted that the CIO reported on the \$16 million challenge created by inadequate inventory reconciliation. He said \$340,000 had been cut from the VITA budget to meet the 15 percent requirement of state agencies to assist with balancing the Commonwealth's budget. He also noted that the committee will meet prior to the next board meeting.

Legislative Affairs Committee

Committee Chair Hiram Johnson reported that his committee did not meet, but will meet in January.

IT Infrastructure Committee

Committee Chair Pomata said the committee met earlier in the day and focused on transformation. He said some agencies may not make the transformation date in June 2009. Staff members have been asked to meet with agencies in the next month to determine status. He said the asset inventory still has not been completed and is a problem. He said Northrop Grumman has been asked to make a significant effort to complete the inventory. This issue affects VITA's ability to bill agencies and collect funding. Most of the other day-to-day metrics are on schedule, and the work being done in customer satisfaction should help.

Executive Evaluation and Governance Committee

Committee Chair Dr. Miller said of the 18 CIO objectives, 16 are green, one is yellow and one red.

Other Business, Public Comment

Chairman McGuirk asked for other business. There was none. Chairman McGuirk asked for public comment. There was none.

Adjourn

Dr. Miller made a motion to adjourn. The motion was seconded by Secretary Chopra. Chairman McGuirk adjourned the meeting at approximately 3:40 p.m.